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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

In re:
THE SOURCE HOTEL, LLC, a
California limited liability company,
Debtor and Debtor in Possession.

Case No.: 8:21-bk-10525-ES

Chapter 11

**STIPULATION BETWEEN DEBTOR AND
NON-DEBTOR AFFILIATE, THE SOURCE
AT BEACH, LLC, TO EXTEND THE TIME
PERIOD UNDER 11 U.S.C. SECTION
365(d)(4) TO ASSUME UNEXPIRED NON-
RESIDENTIAL REAL PROPERTY LEASE**

[No Hearing Required]

1 **TO THE HONORABLE ERITHE A. SMITH, UNITED STATES BANKRUPTCY**
2 **JUDGE:**

3 This Stipulation is hereby entered into by and between The Source Hotel, LLC, the debtor
4 and debtor-in-possession in the above-captioned chapter 11 bankruptcy case (the “Debtor”), on
5 the one hand, and the Debtor’s non-debtor affiliate lessor, The Source at Beach, LLC (the
6 “Lessor”), on the other hand, to extend the time period under 11 U.S.C. § 365(d)(4) for the Debtor
7 to assume its unexpired non-residential real property lease with the Lessor, as follows:

8 A. The Debtor filed a voluntary petition under Chapter 11 of 11 U.S.C. § 101 *et seq.*
9 (the “Bankruptcy Code”) on February 26, 2021 (the “Petition Date”). The Debtor is continuing to
10 manage its financial affairs and operate its bankruptcy estate as a debtor-in-possession pursuant to
11 Sections 1107 and 1108 of the Bankruptcy Code.

12 B. The Debtor is the developer of a full-service, seven-story hotel with 178 rooms in
13 the City of Buena Park, County of Orange, State of California (the “Hotel”), which upon
14 completion will include conference rooms, an executive lounge, fitness center, restaurant, bars,
15 and cleaning services. The Hotel is part of a larger 12.8-acre mixed-use development project (the
16 “Master Development”), which includes a 400,000 square-foot retail center and a 50,000 square-
17 foot seven-story office building which were completed in 2016. The Debtor does not own the real
18 property on which the Hotel is being constructed (which is located at the southeast corner of the
19 Master Development), but is a lessee pursuant to a 99-year ground lease for such real property
20 (the “Ground Lease”) with the Lessor.

21 C. The Ground Lease is memorialized by a written Ground Lease Agreement dated
22 effective as of April 6, 2015, a First Amendment to Ground Lease Agreement dated as of June 27,
23 2018, and a Second Amendment to Ground Lease Agreement dated as of June 14, 2019.

24 D. Pursuant to Section 365(d)(4) of the Bankruptcy Code, as temporarily modified by
25 The Consolidated Appropriations Act of 2021, a chapter 11 debtor must assume or reject any
26 unexpired non-residential real property lease within two hundred and ten (210) days after the
27 Petition Date, or earlier if an order confirming a plan is entered before the 210 day period has
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1 passed, unless the Bankruptcy Court extends such period for cause. 11 U.S.C. § 365(d)(4). A
2 non-residential real property lease that is not assumed within this statutory period shall be
3 “deemed” rejected. 11 U.S.C. § 365(d)(4)(A). Courts may grant an initial ninety (90) day
4 extension of the statutory period, with subsequent extensions granted only upon the prior written
5 consent of the lessor. 11 U.S.C. § 365(d)(4)(B).

6 E. On September 9, 2021, the Debtor filed a motion (i) seeking Court authority to sell
7 substantially all of its assets, free and clear of liens, claims, encumbrances and other interests, to
8 the qualified bidder who is determined by the Court to be the highest and best bidder (“Buyer”),
9 as determined at an auction on September 30, 2021, if appropriate, (ii) seeking Court authority to
10 assume the Ground Lease and assign the Ground Lease to the Buyer, (iii) establishing that the
11 amount necessary to cure the Debtor’s defaults under the Ground Lease is \$0, and (iv) granting
12 related relief (the “Sale Motion”).

13 F. While the Debtor believes that its right to assume the Ground Lease is preserved
14 by the filing of the Sale Motion, which includes a request for Court authority to assume the
15 Ground Lease, in an abundance of caution and in order to preserve the rights the Debtor has in
16 connection with the Ground Lease pending a determination on the Sale Motion, the Debtor has
17 requested, and the Lessor has agreed, to extend the deadline under 11 U.S.C. § 365(d)(4) for the
18 Debtor to assume the Ground Lease for a period of ninety (90) days.

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1 NOW THEREFORE, in consideration of the foregoing, and subject to the approval of the
2 Court, the Debtor and the Lessor hereby agree and stipulate as follows:

3 1. The deadline by which the Debtor is required to assume the Ground Lease is
4 hereby extended for a period of ninety (90) days, from September 24, 2021 through and including
5 December 23, 2021, without prejudice to the Debtor's right to seek further extensions of such
6 period.

7 Dated: September 22, 2021

THE SOURCE HOTEL, LLC

8 By: _____
9

DONALD CHAE
Manager and Member of DMC Investment
Holdings, LLC, Member of the Debtor and
Debtor-in-Possession

12 Dated: September 22, 2021

13 THE SOURCE AT BEACH, LLC

14 By: _____
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DONALD CHAE
President of M+D Properties, Manager
of Lessor, The Source At Beach, LLC

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled **STIPULATION BETWEEN DEBTOR AND NON-DEBTOR AFFILIATE, THE SOURCE AT BEACH, LLC, TO EXTEND THE TIME PERIOD UNDER 11 U.S.C. SECTION 365(d)(4) TO ASSUME UNEXPIRED NON-RESIDENTIAL REAL PROPERTY LEASE** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **September 23, 2021**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Ron Bender rb@lnbyb.com
- Christopher G. Cardinale ccardinale@agclawfirm.com, mgonzalez@agclawfirm.com
- Michael G Fletcher mfletcher@frandzel.com, sking@frandzel.com
- Amir Gamliel amir-gamliel-9554@ecf.pacerpro.com, cmallah@perkinscoie.com;DocketLA@perkinscoie.com
- Robert P Goe kmurphy@goeforlaw.com, rgoe@goeforlaw.com;goeforecf@gmail.com
- Nancy S Goldenberg nancy.goldenberg@usdoj.gov
- Peter F Jazayeri peter@jaz-law.com
- Daniel A Lev dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com;dlev@ecf.inforuptcy.com
- Grant A Nigolian grant@gnpclaw.com, process@gnpclaw.com;grant.nigolian@gmail.com
- Juliet Y Oh jyo@lnbrb.com, jyo@lnbrb.com
- Ho-El Park hpark@hparklaw.com
- Ronald N Richards ron@ronaldrichards.com, morani@ronaldrichards.com
- United States Trustee (SA) ustpregion16.sa.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL: On **September 23, 2021**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

The Source at Beach, LLC
3100 E. Imperial Highway
Attn: Min Chae and Donald Chae
Lynwood, CA 90262

LimNexus LLP
707 Wilshire Blvd., 46th Floor
Attn: Real Estate Department
Los Angeles, CA 90017

Service List continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on September 23, 2021, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

None.

Service List continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

September 23, 2021 Lourdes Cruz /s/ Lourdes Cruz
Date Type Name Signature